

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 3/27/09

PRIME SPONSOR: Matzie

BILL NO: HB1089

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PRINTER'S NO: 1573

A. Synopsis:

HB1089 provides for group health policies to continue for period of time after termination of employment or membership in health maintenance organizations ("Mini-COBRA"). It extends the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) guidelines to group plans provided by employers with 2-19 employees.

B. Summary:

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) provides former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates when coverage is lost due to certain specific events. However, under current law, these benefits only apply to employers with 20 or more employees.

House Bill 1089 extends continuation of a group health insurance policy for an employee who is no longer eligible for that group policy and for the employee's eligible dependent(s). The employee must be continuously insured under the group policy during the entire three-month period ending with the termination of group coverage. Only those persons whose employer employs between 2 and 19 employees are eligible for mini-COBRA.

Mini-COBRA continuation coverage may not be conditioned upon insurability. This bill provides for the following:

- defines a covered employee as one who was provided coverage under the group policy;
- specifies effective coverage as beginning upon a qualifying event;
- defines insurer to include HMOs, accident & sickness policies and the Blues;
- describes employer/employee/insurer notifications
- specifies effective date as taking effect in 30 days

The premium contribution by the employee for mini-COBRA may not be more than 105% of the group rate. Nothing in this legislation shall require the employer to contribute to the deductible of the employee holding a Health Savings Account (HSA).